

## EXERCISE 32. CREATING AND DRAWING DOWN CHDO OPERATING FUNDS



Grantees that receive HOME funds (Participating Jurisdictions, or PJs) may establish a CHDO Operating “subfund”. This subfund is used to separate funds to pay for CHDO Operating activities.

### **CHDO Operating SubFund**

- Established in IDIS at no more than 5% of HOME grant
- Fund Type = “CO”

*Note: The total HOME entitlement grant for 1997 established for this training is \$15,000,000. In this exercise, the CHDO Operating cap is derived from this amount.*

### **Creating a Subfund for CHDO Operating**

1. Go to the SUBGRANT & SUBFUND menu.
2. Select the “CREATE SUBFUNDS” option.
3. Type "M" in the PROGRAM CODE field.
4. Type "97" in the FISCAL YEAR field.
5. Type "MC" in the SOURCE TYPE field.
6. Type "CO" in the FUND TYPE field.
7. In the SUBALLOCATION AMOUNT field, **type** in 1,000,000. Press <Enter>. What happened? Look at the message in white at the bottom of the screen. You have exceeded the 5% CHDO Operating cap.
8. Press <End> to delete, and type in the amount of funds that have been allocated to your community’s CHDO Operating Fund. (That is if it does not exceed \$750,000). Press <F9> to save and use <F7> to return to the SUBGRANT MENU.


### **Accessing CHDO Operating Subfund Monies**



There are two ways in which Grantees may access CHDO Operating Subfund monies:

- A) Grantees may choose to have only a single “CHDO Operating” activity through which they commit and draw down funds for all of their CHDO’s which will receive CHDO Operating funds. In this instance, the Grantee would set up a single activity and fund it directly from the CHDO Operating subfund. This is similar to the method typically used for HOME Administration monies. With this choice the “recipient type” would be ‘LG’.

B) Grantees may also choose to have separate “CHDO Operating” activities for each CHDO which will receive CHDO Operating funds. In this case, the Grantee would set up the CHDO Operating subfund, and then set up subgrants for each CHDO. This is similar to the method used when disbursing CHDO Reserve monies. With this choice the “recipient type” would be ‘CO’.


 A Grantee may choose either option, or use a combination of the two. In this exercise we will use the second option, which means that the next step will be to create a subgrant for a particular CHDO.

### **Creating a Subgrant for use with CHDO Operating Funds**

Subgrants in IDIS involve several steps:

1. Establishing a **subgrantee** in IDIS (by HUD).
2. Creating a **subgrant**.
3. Setting up an activity for the **subgrantee**.
4. Committing funds from the **subgrant** through ACTIVITY FUNDING.
5. Drawing down funds from the **subgrant**.

### **Establishing a Subgrantee**

 Only HUD may establish a subgrantee. A subgrantee is established by HUD when it receives the grantee’s current CHDO Designation form, indicating whether the subgrantee is a CHDO or an “Other Entity.”

### **Creating a CHDO Operating Subgrant for the CHDO**

1. Go to the SUBGRANT & SUBFUND menu.
2. Select the “CREATE SUBGRANTS” option.
3. To create a subgrant for a CHDO, you must know the UOG Code and Number. Use the <F1> at the UOG Code field to bring up a list of CHDO’s. Select the CHDO that has been assigned to you by your instructor and press <Enter>.

 Write down the UOG Code and Number of your CHDO before moving on.

- To complete the subgrant, type in the following and press <F9> when finished.

UOG Code	UOG Number	Program Code	Fiscal Year	Source Type	Fund Type	Suballocation Amount
		M	97	MC	CO	40000

***Trainer note:*** How does this subgrant differ from the other subgrants we have created for CHDO's? Reinforce that the only difference is the Fund Type of "CO".

- Return to the MAIN MENU.

### **Setting Up a CHDO Operating Activity**

- Set up a CHDO Operating Activity.
- Put in \$40,000 as the estimated amount of funds.
- Return to the MAIN MENU.

### **Commit the Subgrant Funds**

- Proceed to the "ACTIVITY FUNDING" screens.
- Commit \$40,000 of HOME funds for that CHDO from its subgrant.
- Note the Recipient Type.
- Return to the MAIN MENU.

### **Drawing Down CHDO Funds**

- Proceed to the DRAWDOWN MENU.
- At the "DRAWDOWN AUTHORIZATION" screen, select the CHDO subgrantee.
- At the DRAWDOWN MENU select, CREATE DRAWDOWNS.
- On the "CREATE DRAWDOWN" screen, put in the HUD Activity number for the CHDO activity (use <F1> and <Enter> if needed). Fill out the remainder of the screen as follows:

HUD Activity Number	Program Code	Source Type	Fund Type	Recip Type	Drawdown Amount
	M	MC	CR	CO	7500

5. Once you have completed creating the drawdown and obtained a voucher number, proceed to the “APPROVE DRAWDOWN” screen and approve the drawdown.
6. Return to the MAIN MENU.